

MINUTES OF A JOINT SPECIAL MEETING OF THE ZION CITY COUNCIL AND THE TIF REVIEW BOARD HELD ON MONDAY, MAY 9, 2016, AT 5:30 P.M. IN THE CITY COUNCIL CHAMBERS, CITY HALL, 2828 SHERIDAN ROAD, ZION, ILLINOIS

Mayor Hill called the meeting to order.

On call of the roll the following answered present: Commissioners DeTienne, Frierson, McDowell, and Mayor Hill. Commissioner McKinney was absent. A quorum was present.

TIF Review Board Members present: Juanita Winfrey, Chris Szymanski, Marilyn Krieger, Bill Warren, Margie Taylor. Kathy Richards and David Miller were absent.

Also present: Finance Director David Knabel and Sonolito Bronson

PRESENTATIONS

Mayor Hill stated that the City Council and the TIF Review Board will receive presentations from three firms regarding their proposals for tax increment financing (TIF) and economic development consulting services for the creation of new TIF districts and assistance with closing out existing TIF #1 and TIF #3.

Ehlers, Inc.

A proposal (16-DOC-45) was received from Ehlers, Inc.

Presenters on behalf of Ehlers, Inc. were Jennifer Tammen, Municipal Advisor and Principal, and Tricia Marino Ruffolo, Municipal Advisor.

Ms. Tammen stated that Ehlers, Inc. has not worked with the City of Zion in the past and offered a fresh perspective. She provided company background and credentials. She stated that Ehlers only services the public sector so she sees no potential conflicts of interest. She stated that Ehlers provides strategic advice tools and a comprehensive review of projects including plans submitted by developers. She presented three project tasks; 1) conduct a TIF Eligibility review of study areas and an evaluation of existing TIF districts, 2) prepare revenue projections and summary of findings document, and 3) present findings and recommended implementation steps. Ms. Tammen drew attention to a case study for the City of Wheaton, Illinois presented in the proposal. She stated that strategic considerations include establishing a TIF policy and reviewing it regularly. She stated that all parties involved should be working from the same set of guidelines. She stated that the City should be in control, not the developer. She stated that all facets of the project should be clear, concise and consistent. Ms. Tammen stated that the City should conduct outreach to all taxing bodies in advance of the public process for adoption which should include educational forums. Ehler's will provide TIF and economic development consulting services as proposed in a total not to exceed \$31,400 with hourly rates at \$225.00 per hour for Senior Municipal Advisors, \$200.00 per hour for Municipal Advisors, \$150.00 per hour for Coordinator/Analysts, and \$75.00 per hour for Technical/Clerical support.

Commissioner McDowell asked if Ehlers had reviewed the Zion Comprehensive Plan and Ms. Tamman stated that they had.

Mayor Hill asked if Ehlers compared Zion's finances and demographics to those of similar communities. Ms. Tamman stated that they had not. She stated that they have worked with Rockton, Illinois and they are currently working on a business district and a TIF district amendment for East Moline, Illinois. She stated that they had worked with North Chicago, but not on a TIF district consultation. Chris Szymanski asked how long they have worked with Wheaton, and Ms. Tamman stated that the firm has worked with Wheaton for 15 years but she has personally worked with Wheaton for 10 years.

Mayor Hill asked if Ehlers provides TIF legal counsel. Ms. Tamman stated, no, that they are not attorneys, but that they are well versed in TIF law.

Chris Szymanski asked how long it takes to establish a TIF district. Ms. Tamman stated that it usually takes four to six months to establish a TIF district. She stated that it is calendar dependent and that participation by all taxing bodies is required before implementation.

Chris Szymanski asked if Ehlers has worked with communities that are on the cusp of becoming home rule communities. Mr. Tamman stated that the City should be conscientious of home rule status in the future.

Johnson Research Group (JRG)

A proposal (16-DOC-46) was received from Johnson Research Group (JRG).

Presenters on behalf of JRG were Ann Moroney, President, and Ralph Kinser, Senior Planner and Financial Analyst.

Ms. Moroney stated that JRG consists of six employees, and therefore there is no bureaucracy, and they are always available. She stated that JRG has been involved with TIF since 1996. They have worked with North Chicago, Waukegan, Hanover Park, Park Ridge, Evanston and others. They have established and closed out TIF districts. Ms. Moroney stated that they performed a field study in Zion and reviewed the Comprehensive Plan. She stated that they are aware that it can be difficult to compete with Wisconsin and that Zion has a high tax rate. She stated that JRG would assist in the designation process, open lines of communication with the other taxing bodies, offer advisory services, close out TIFs, prepare annual reports, monitor compliance and perform feasibility analysis. JRG will provide TIF and economic development consulting services as proposed in a total estimated amount of \$88,500 with hourly rates at \$190.00 per hour for a Principal, \$170.00 per hour for a Financial Consultant, \$120.00 per hour for a Project Coordinator, and \$100.00 per hour for a Project Researcher.

Director Knabel asked if the cost structure was based on a contractual commitment or if it was decision driven. Ms. Moroney stated that the cost was based on hours spent and they used their best estimate.

Mayor Hill asked where the TIF districts JRG worked on were located in North Chicago and Waukegan. Ms. Moroney stated that in North Chicago, it was located on Sheridan Road near Abbott Labs in an industrial area. She stated that the area was fairly small and it was 8 or 10 years ago. She stated that JRG no longer works with North Chicago on the TIF project as their economic development staff determined that their continued services were no longer required. She stated that the Waukegan location was near the Harbor and it was also several years ago. Mayor Hill asked if JRG were selected, would they stay with Zion during the 23-year duration of the TIF district. Ms. Moroney replied that they would.

Mayor Hill asked if JRG would provide recruitment services to assist the TIF with attracting new businesses. Ms. Moroney stated that JRG would not provide developer assistance.

Mayor Hill asked if JRG looked at Zion's finances and demographics. Ms. Moroney stated that JRG did review finances and demographics and determined that Zion issues are the tax rate and housing both of which she stated would be a challenge. She stated that concrete development plans would be needed prior to TIF creation so as not to waste years of having TIF status while waiting for development. She stated that a residential TIF often times is more revenue generating than a commercial TIF. Director Knabel stated that the proposed Trumpet Park TIF District was a good example of waiting for development before creating a TIF district. He stated that the City uses the potential TIF district as an incentive to attract developers as the City would create the district once a developer commitment is secured.

Kane, McKenna and Associates, Inc. (KMA)

A proposal (16-DOC-47) was received from Kane, McKenna and Associates, Inc. (KMA).

Presenter on behalf of Kane, McKenna and Associates, Inc. was Phil McKenna, President.

Mr. McKenna stated that KMA was founded in 1984 and employs 9 professionals all well versed in federal, state, county and local incentives. KMA has assisted in creating or amending 295 TIF districts in Illinois and have assisted municipalities in reviewing a wide range of projects including mixed use, downtown, retail/commercial and industrial and residential. He stated that KMA has considerable TIF experience with a strong emphasis on financing alternatives and project evaluation. Mr. McKenna stated that KMA offers a minimal start up time and can provide an efficient assessment of the City's goals and objectives. He stated

that KMA is familiar with the Zion market area as well as the neighboring communities of Waukegan, North Chicago, Round Lake Beach, and Mundelein. Mr. McKenna that the City must determine if the area will benefit from a TIF designation based on the area's current condition and past history. He stated that the City must promote underutilized areas and properties, diversify the tax base, induce job creation, and implement local planning goals and objectives. He stated the City must determine if private sector interest in the area can be developed. Mr. McKenna stated that a TIF would be implemented by identifying the area per state statute, preparing a plan and initiating the public process, while constantly communicating with City staff, elected officials and other taxing bodies. He stated that KMA prepares annual TIF reports, monitors the flow of funds, assists with developer agreements, and annually reviews the TIF status. Mr. McKenna stated that KMA will provide TIF and economic development consulting services as proposed in a total estimated amount of \$27,000 for one TIF District, \$50,000 for two districts, \$72,000 for three districts, \$92,000 for four districts, and \$99,000 for four TIF Districts plus termination of two districts. He stated that fees charged at hourly rates are: \$200.00 for the President, \$175.00 for the Executive Vice President, \$150.00 for Officers, \$100.00 for Associates, \$60.00 for Research, and \$25.00 for Administrative.

Commissioner McDowell asked if KMA had reviewed the Zion Comprehensive Plan when preparing the proposal and Mr. McKenna stated that they had. He stated that the TIF Plan would be consistent with the Comprehensive Plan.

Bill Warren asked if KMA looked at the city owned property at 33rd and Sheridan Road which is ready for development. Mr. McKenna stated that a developer should be brought in to do a project on this parcel to attract other development in the area. He stated that there is great opportunity, but that it will take time. He asked that the City be patient.

Mayor Hill asked where the TIF district that KMA is working with North Chicago is located. Mr. McKenna stated that it is a 500,000 square foot industrial building on the east side of Rt. 41 on the far south side of North Chicago.

Chris Szymanski stated that KMA's proposal stated several times that they are glad the City has a TIF Review Board, and he asked why. Mr. McKenna stated that the TIF Review Boards help in the process set up as they screen for the City Council. He stated that, once set up, during the search for development projects, having a Board lends credibility in the eyes of developers. He stated that the volunteer makeup of TIF Review Boards typically have a more private than public opinion.

Chris Szymanski stated that he sees train and Metra stations as a common thread in KMA's projects.

Mr. McKenna stated that, in the past five years, the RTA (Regional Transportation Authority) has awarded grants for studies for projects around train stations.

ADJOURN

There being no further business to come before the Council at this time, it was moved by Commissioner McDowell, seconded by Commissioner DeTienne and unanimously approved the meeting be adjourned at 6:55 p.m. Motion carried.

City Clerk

Approved May 17, 2016